

C A L I F O R N I A



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INTRODUCTION TO THE  
**INTERNATIONAL  
FUEL  
TAX  
AGREEMENT**



**CONSOLIDATED FUEL TAX  
REPORTING FOR  
INTERSTATE MOTOR  
CARRIERS**



STATE BOARD OF EQUALIZATION

Pamphlet 50-A • August 1995 • LDA

# WHAT IS IFTA?



IFTA — the International Fuel Tax Agreement — is a cooperative agreement between many U.S. states and Canadian provinces. It is designed to simplify fuel tax licensing and reporting requirements for interstate motor carriers.

## HOW AND WHEN WILL IFTA AFFECT MY OPERATIONS?

California will implement IFTA on January 1, 1996. Under IFTA, you will:

- Choose one IFTA-member state or province as a “base jurisdiction”;
- Obtain a single fuel license for all of your qualified motor vehicles, authorizing travel in all IFTA jurisdictions; and
- File quarterly tax reports with your base jurisdiction reporting fuel usage and mileage in all IFTA member states and provinces.

In addition, your fuel tax records will generally be audited only by your base jurisdiction. In California, IFTA program administration will be carried out by the Board of Equalization (Board).

## WILL I NEED AN IFTA LICENSE?

Yes, if you are based in California (or another member jurisdiction) and operate one or more qualified vehicles in at least one other IFTA jurisdiction (see list).

However, you may choose not to participate in the IFTA program. If you qualify for IFTA but do not participate, you will be required to obtain trip permits to travel into or through each member jurisdiction, including California.

Carriers traveling in non-IFTA jurisdictions must continue to comply with the fuel tax reporting requirements of those jurisdictions.

## WHAT IS A “QUALIFIED MOTOR VEHICLE” UNDER IFTA?

A vehicle used or designed to transport people or property is a qualified motor vehicle if:

- It has three or more axles
- It has two axles and a gross vehicle or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms
- When used in combination, it has a combined or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms

Recreational vehicles such as motor homes or pickups with campers are not considered qualified motor vehicles.

## WHAT IS MY “BASE JURISDICTION”?

Your base jurisdiction must be an IFTA member state, province or territory. It is the jurisdiction where:

- Your qualified motor vehicles are registered;
- Your operations are controlled, and your records are kept or can be made available; and
- Your fleet’s qualified vehicles accrue some travel miles.

With approval from the affected jurisdictions, you may be able to consolidate fleets based in more than one jurisdiction under one IFTA license.

## WHICH JURISDICTIONS ARE MEMBERS?



Many jurisdictions are currently IFTA members. By January 1, 1996, the member list is expected to include:

Alabama  
California  
Florida  
Illinois

Arizona  
Colorado  
Georgia  
Indiana

Arkansas  
Connecticut  
Idaho  
Iowa

Kansas	Louisiana	Maryland
Massachusetts	Michigan	Minnesota
Mississippi	Missouri	Montana
Nebraska	Nevada	New Mexico
New York	N. Carolina	N. Dakota
Ohio	Oklahoma	Oregon
Pennsylvania	S. Carolina	S. Dakota
Tennessee	Texas	Utah
Virginia	Washington	W. Virginia
Wisconsin	Wyoming	

### **Canadian Provinces**

Alberta	British Columbia
Manitoba	New Brunswick
Nova Scotia	Prince Edward Island
Quebec	Saskatchewan

## **HOW DO I APPLY FOR A CALIFORNIA IFTA LICENSE?**



To register with California, please call the State Board of Equalization at 916-322-9669, or write:

Fuel Taxes Division  
State Board of Equalization  
450 N Street MIC 30  
P.O. Box 942879  
Sacramento, CA 94279-0030

We will send you a pamphlet with more information on IFTA licensing, tax reporting and record-keeping requirements, and a license application.

## **IS THERE AN APPLICATION FEE?**

Yes. The annual fee for a California IFTA license is \$10.00. (As mentioned previously, a single license covers all of your qualified vehicles.) In addition, there is a \$2.00 per set charge for annual IFTA decals. You will need one set (two decals) for each qualified vehicle you operate in IFTA jurisdictions.

## WHAT CREDENTIALS WILL I RECEIVE?

You will receive one California IFTA license for your business and two decals for each qualified vehicle. The license and decals are valid for the calendar year. You must renew your license and order new decals each year.

## WILL I BE REQUIRED TO POST A SECURITY DEPOSIT?



New IFTA licensees are not required to post a security deposit. However, if you do not file your reports on time or pay the fuel tax when due, or if an audit indicates a problem, the Board may require security later. If you have been an IFTA licensee in another jurisdiction, you may be required to post security, depending on your fuel tax record.

## WHEN MUST I FILE REPORTS?

You are required to file reports quarterly and pay any tax due. We will mail you blank California IFTA report forms at the end of each calendar quarter. You must submit the report and payment on or before the last day of the month following the end of the quarter, even if you do not receive a blank form in the mail. If you do not file a report each quarter and pay the tax due, you may be subject to penalty and interest charges.

## WHICH FUELS WILL I REPORT?

You must generally report diesel, gasoline, gasohol, and alternative fuels (LPG, LNG, CNG, alcohol fuels) used in a qualified vehicle. You will report your usage based on the reporting requirements of each member jurisdiction. (California, for example, requires carriers to

report diesel and alternative fuel use.) As a general rule, if a state currently requires you to report certain types of fuel, you will continue to report them under IFTA.

## WHAT RECORDS WILL I NEED?

You will need to retain all documentation currently required to support fuel tax returns and reports. Your records must be retained for four years. If you are a California licensee, the Board will conduct audits of your account. We will review not only your California records, but also the records for all member jurisdictions in which you operate.

## HOW DOES IFTA APPLY TO CARRIERS OPERATING ON LEASE AGREEMENTS?

**Long term leases (30 days or more).** For long term leases, the lessor and lessee may determine which of them will report and pay fuel tax. The responsible party is required to obtain an IFTA license in his or her base jurisdiction, report fuel usage, and pay any tax due.

**Short term leases (less than 30 days).** If you are in the business of leasing or renting motor vehicles (without drivers) to others, you are generally responsible to register under IFTA, file reports, and pay the fuel tax due for vehicles leased on a short term basis. However, if your written rental contract with an IFTA-licensed lessee specifies that the lessee is responsible for fuel tax reporting and payment, you are not required to report and pay tax for that vehicle. You must obtain a copy of the lessee's IFTA license, which must be valid for the term of the lease.

## FOR MORE INFORMATION



Please call us at 916-322-9669 or write to the address shown inside this brochure.